JULY
1954

Foreign Agriculture

Foreign Agriculture

Vol. XVIII • JULY 1954 • No. 7

IN THIS ISSUE

	Page
India as a Market for U.S. Farm Products	123
Foreign Trade Missions Offer Recommendations	128
Europe's East-West Trade in Food	130
Key to Bigger Tobacco Exports	133
Caranday—A Hard Palm Wax	137
International Farm Organization Stresses Problem of Surpluses	138

FRONT COVER

Indian Food Market

Fruits and vegetables are offered for sale in Darjeeling, northern India.

India is nearly self-sufficient in most agricultural products except grains, cotton, and tobacco. (Photo courtesy of Elton G. Nelson.)

BACK COVER

United States Share of India's Agricultural Trade

In Indian-United States agricultural trade, year-to-year variations are much greater in United States exports to India than in India's exports to the United States, mainly because of India's fluctuating demand for food grains.

Credit for photos is given as follows: p. 124, J. Malcolm Orchard.

NEWS NOTE

U. S. Foreign Marketing Policy

"We in the United States want to expand our foreign markets wherever this is possible to the mutual benefit of both ourselves and the peoples of other friendly nations."

This statement was made recently by John H. Davis, Assistant Secretary of Agriculture, at a meeting of the International Cotton Advisory Committee, Sao Paulo, Brazil. Mr. Davis continued:

"I would like to try and clarify our position by stressing the following points:

"1. Our overall objective is one of expanded world trade. To this end, as explained in President Eisenhower's message to Congress on March 30, 1954, we urge a gradual lowering of trade barriers to permit a freer exchange of goods between countries.

"2. We intend to continue to provide basic price stability for farm products at home during periods of adjustment in order that our nation may remain economically strong.

"3. Our aim is to maintain a fair relative position in world trade. Since we are concerned with maintaining reasonable world price stability, we do not intend to utilize unfair marketing tactics or to move our surpluses in ways that will undermine world markets.

"4. On occasion, we will have to protect our farm price support programs from the impact of excessive imports attracted when our domestic prices are above world prices. However, in doing so we want to make sure that the normal flow of imports is not curtailed and that healthy trade relationships are maintained.

"5. To the extent possible we intend to adjust our production to bring supplies more nearly in balance with demand plus requirements for carryover."

FOREIGN AGRICULTURE ALICE FRAY NELSON, EDITOR

A monthly publication of the Foreign Agricultural Service of the United States Department of Agriculture, Washington, D. C. The matter contained herein is published by direction of the Secretary of Agriculture as administrative information required for proper transaction of the public business. The printing of this publication has been approved by the Director of the Bureau of the Budget (October 28, 1953). Copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at 15 cents per copy, or by subscription at the rate of $1.50 per year, domestic; $2.00 per year, foreign. Postage stamps will not be accepted in payment.

India as a Market For U.S. Farm Products

by CARL O. WINBERG*

India buys farm products abroad only when it must. In 1951 and 1952, for example, when the monsoon rains failed and the harvests of rice, wheat, and cotton and other crops fell far short, the country had to lean heavily on imports of farm products and was one of our biggest buyers. But in 1953 and thus far in 1954 the rains have been favorable; besides, farm practices are being improved. As a result, crops are better and India is buying less abroad.

This is not to say that India in the last 2 years has been producing enough food grains to meet the minimum requirements of its 370 million people. Ever since it was separated from Burma, in 1935, India has had a deficit of food grains; and this deficit has grown since the separation of Pakistan in 1947. In recent years it has averaged as much as 3 million tons. Even in a good crop year like 1953, when 63 million tons of food grains, including pulses, were harvested, more than 2 million tons had to be imported.

Year after year, then, India's food supply has been dangerously near the subsistence level. Even when imports are added, the total food supply permits each person only about 1,750 calories a day, compared to about 2,100 calories in most of southeast Asia. True, the number of calories required for basal metabolism in India is low because Indians on the average are small people, and the high proportion of children in the population brings down the per capita food requirements; but even these circumstances together do not make amends for the low figure. It may well be that Indians are small because they do not get enough to eat.

Almost 80 percent of the calories consumed are in food grains and pulses; the rest are chiefly in sugar and in vegetable oils. Surprisingly few are in fruits, vegetables, and nuts.

India's population has been growing at the rate of 1¼ percent a year—at least that was the rate set during 1941-51. By international standards, that is not a fast growth; it would have been much faster had it not been retarded by a high death rate. But the death rate will probably soon be lowered by measures now being undertaken to control such diseases as malaria, tuberculosis, and cholera. Even the present rate of population growth means an increase of 5 million people a year, who in turn will increase the food grain requirements by 750,000 tons a year. At this rate India will have 450 million people in 1969 and will be needing 12 million more tons of food grains than it does now.

Hope that population growth will not far outrun food production in the immediate future lies in India's program for developing farm productivity. Low productivity on India's farms explains much of its grain shortage. Even in 1952-53, when yields were higher than usual, rice, India's chief food grain, averaged only about 640 pounds (milled) to the acre and wheat only 10 bushels. That there is considerable room for improvement is seen in the facts that rice averages over 1,500 pounds (milled) in the United States and even more in Japan, and that wheat averages 16 bushels in the United States. Time and again it has been proved that yields in India can be raised; in national food-production contests, for instance, individual farmers have been getting yields up to 10 times the national average.

Such increases, of course, require adequate supplies of water and fertilizer. So far, only a fifth of India's cropland is irrigated. The use of chemical fertilizers has been traditionally negligible, but in recent years it has begun to increase. India is undertaking the establishment of a fertilizer industry to meet domestic needs; its present capacity is about 100,000 tons of nitrogen a year.

If in the next 10 years India is to increase its production of food grains to such an extent that it not only eliminates the average 3-million-ton deficit that it has had in recent years but also meets the additional requirement of 750,000 tons for the annual net increase in population, it will have to increase

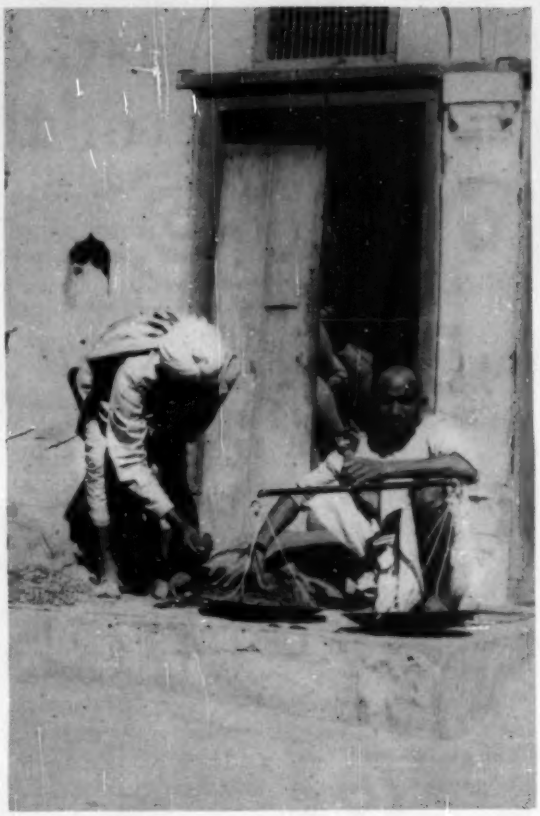
* The author made extensive use of reports from the U. S. Embassy in New Delhi.

Mr. Winberg is Foreign Service Staff Officer on assignment to the Asia and Middle East Analysis Branch, FAS.

food grain production by about 10 million tons, or a million tons a year. Such an accomplishment would require an average sustained rate of increase of nearly 2 percent a year. Experience in other countries indicates that it will be exceedingly difficult to maintain such a rate in India over so long a period unless large sums are spent for irrigation works and fertilizer plants. As far as fertilizer is concerned, it would probably call for an annual increase of 100,000 tons in net nitrogen applications—roughly speaking, an extra ton of nitrogen to get 10 extra tons of food grains, assuming that water supply was adequate. Thus, if in 1962-63 India uses only 500,000 tons of nitrogen instead of 1 million, we may look for a food grain deficit of 5,000,000 tons in the following year unless the nitrogen deficit is made up by intensive practices other than the use of chemical fertilizer.

Some promise for increasing food production lies in increasing acreage; but, for the most part, that grows out of the possibility of reclaiming land. Most of the land not now farmed—544 million acres—consists of mountains, forests, stony outcrops, poor sandy soils, deserts, or swamps. And it is not feasible to increase food-crop acreage by displacing nonfood crops such as cotton: more cotton also is wanted. Some increase can be had by double cropping, for only about 15 percent of India's 268 million acres of farmland is now double cropped. Increase of this practice, however, awaits the improvements that must attend increased yields.

Obviously Indians would consume more wheat, cotton, and other farm products if ways could be found to import them and to make them available to the average consumer. Lowering domestic prices would seriously interfere with India's program for expanding agricultural production and would weaken the general economy. Besides, India is a country with limited exports and little foreign exchange; and, if it were to make large expenditures for imports of food and other agricultural products, it would not have enough exchange left for the industrial mechinery and products it needs to carry out its large development program for agriculture and industry. It is therefore attempting to become as self-sufficing in agricultural products as possible. And to reduce its import needs still further it is attempting to produce more of its own industrial goods: Steel production is about to be increased; machinery production is being attempted on a larger scale; the possibility of oil wells is being explored; and production of cotton is being increased.



Through such small retail outlets as this one, American agricultural products often reach the Indian consumer.

As imports, especially of food grains, decreased in 1953, India steadily improved its balance-of-payments position. For the first time in years the country was able to show a favorable balance of trade—with the dollar area for the first 9 months of 1953 and with the sterling area throughout the year.

For a number of years India followed a policy of maintaining rather strict controls over the exports, imports, consumption, distribution, and prices of the principal agricultural commodities it produces and consumes. Since mid-1952, however, the government has been gradually relaxing these controls. This change in policy has been made possible by the improved internal supply of many commodities, the relaxation of inflationary pressures, and changes in outlooks for exports and imports.

During 1953 India made or renewed trade agreements with 15 countries:

Bulgaria	Pakistan
Burma	Poland
Ceylon	Soviet Union
Czechoslovakia	Sweden
Egypt	Turkey
Indonesia	United States
Iraq	Yugoslavia
Norway	

Practically all of these agreements provided for facilitating the export and import of specific agricultural commodities. India is member to the General Agreement on Tariffs and Trade (GATT).

India's Export Prospects

At present India's exports consist chiefly of raw and manufactured agricultural products: jute goods, cotton and cotton goods, tea, vegetable oils, spices, tobacco, hides and skins, wool, coir, fruits, and cashew nuts. These, together with coffee and several minerals, are the export items most often mentioned in India's trade agreements.

Owing to a number of circumstances, however, prospects for exporting larger quantities of most of these goods are not promising:

Jute Goods. Jute goods are India's most important exports, for India supplies almost half of the world demand. But markets have declined in recent years as high jute prices have encouraged the growth of the paper-bag industry in the United States and elsewhere. Besides, India now sees prospects of a further curtailment of its export markets as Pakistan and Europe attempt to set up more jute mills in the hope of capturing a larger share of world markets.

Early this year the Government of India reduced the export duty on jute sacking from 175 rupees ($36.75) per long ton to 80 ($16.80). And, of more importance to the United States market, in September 1953 it reduced the export duty on burlap, both cloth and bags, from 275 rupees ($57.75) per long ton to 120 ($25.30). The export of raw jute continues to be prohibited.

Cotton and Cotton Goods. Most of the cotton India produces—more than 70 percent, in fact—is 7/8 inch staple or shorter; only an insignificant amount is longer than 1 inch. Barely 10 percent of Indian cotton will spin yarn as fine as 30 count; none will spin finer than 36. The shortest staple grown cannot be used extensively in Indian mills for mixing with longer cotton and, when spun alone, produces only 6- or 8-count yarn or coarser.

It is this short-staple cotton that India exports to Japan and elsewhere. Export allocations of raw cotton in 1953, as before, consisted of short-staple cotton believed to be surplus to domestic requirements. Allocations were announced in installments and for the 1952-53 cotton year totaled 300,000 bales (392 pounds each). Actual exports that year were 404,773 bales. But these exports are only a small part of total production; and any increase in the future is likely to be of minor significance to India's import picture for cotton.

Export of cotton piecegoods improved somewhat last year because the export duty on coarse and medium cloth was reduced early in January 1953 and the export duty on medium cloth was completely removed on October 24 (the government has no intention of abolishing the duty on coarse cloth). Exports will be further aided by the fact that the import duty on raw cotton was recently removed. Indian cotton goods, however, are now running into increased competition from the products of Japan's more modern cotton mills, and the prospects for increasing exports are thereby dimmed.

Tea. Tea is one of India's main exports. Sales abroad are being promoted; but, because consumption in India is growing (from 37 million pounds in 1926-27 to about 195 million in 1952-53), exports probably will not increase unless production is stepped up by picking 3 leaves instead of 2 at each harvest, which results in loss of quality.

Other Agricultural Products. Exports of pepper, the most important spice that India sells abroad, will decrease if Indonesia recovers its prewar production and prices fall. Wool, hides, and skins are likely to be exported in smaller quantities as the demand at home increases. Vegetables oils such as peanut oil and castor oil hold out only moderate hope for increase. As for leaf tobacco, exports to Japan are being increased, but the big question is whether the United Kingdom will expand or even maintain its purchases. And exports of cashew nuts will fall if Mozambique, which hitherto has supplied India with a large percentage of these nuts for processing, goes through with plans to process more of its own nuts.

Nonagricultural Products. Better possibilities for earning increased foreign exchange are seen in increased exports of nonagricultural commodities such as iron ore, aluminum, and some other minerals.

India's Import Prospects

India is an important importer, as well as an important exporter, of agricultural commodities, chiefly food grains and cotton. Among other agricultural items, the ones most frequently mentioned in the various trade agreements that India has under GATT are canned fruits and vegetables, cheese and other dairy products, dried beans and peas, dried fruits, and raw silk.

If India is to import more food, it must import less of other things such as mineral oils, metals, and machinery; but these are products that India needs for its development program. Or it must export more, an alternative that has already been seen to be generally unpromising. Thus, with no other alternative, India is seeking to reduce the need for food imports by producing more food.

Food Grains. During 1951 India's food grain imports reached the alltime high of more than 5 million tons. One of the components of this total was 20 percent of all wheat exports from the United States in that year. But in 1953 total food grain imports were 2.26 million tons and will probably be even less this year.

The government's policy of food grain decontrol, begun in the spring of 1952, still continues. Good crop prospects accelerated decontrol to the point where, by January 1954, most of the controls were removed for all food grains except rice; the outlook is for further removal in 1954. Rice is still in relatively short supply and is still rationed in some of the larger cities. Licenses for private importation of rice, corn, and barley have recently been issued to private importers, but such importations have been negligible thus far.

Raw Cotton. India usually imports medium- and long-staple cotton; and for years to come it will have to import all the cotton it needs for fine yarns.

On November 15, 1952, the government announced that from January through June 1953 it would permit import of 500,000 bales of cotton of a staple not less than 1-1/16 inches. This permission was later extended through December.

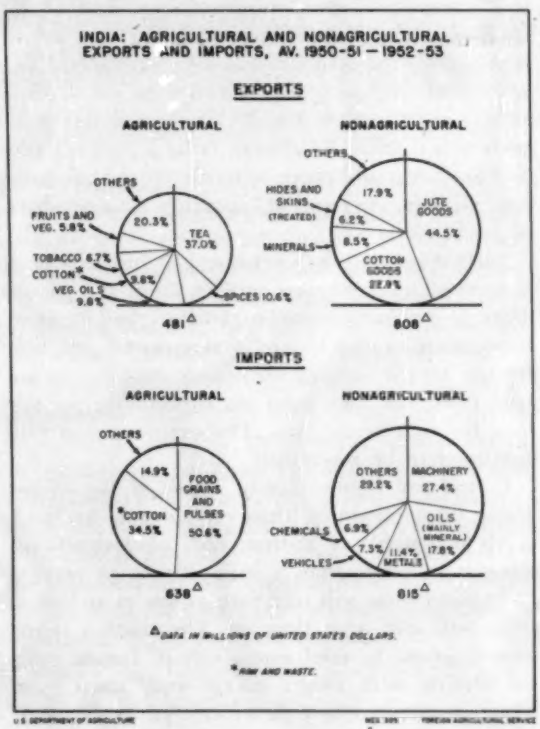
In late 1953 the government announced its import-licensing policy for the first 6 months of 1954. Licenses to import cotton not less than 1-1/16 inches from nondollar areas would be issued to importers and mills against evidence of purchase from overseas suppliers. Such licenses would be valid for 12 months.

Indian Market for U. S. Farm Products

In most years the trade between India and the United States is a large part of their total agricultural trade. India sells the United States principally tea, black pepper, short-staple cotton, cotton waste, wool, castor beans, hides and skins, and jute goods and in return buys principally medjum-staple cotton, tobacco, wheat, grain sorghums, corn, and dried skim milk.

The trade agreement currently in force between India and the United States specifies that agricultural imports from the United States enter India subject to duty as foilows:

Butter	25% ad valorem
Cheese	25% ad valorem
Whole milk, condensed or preserved	25% ad valorem
Dried skim milk	Free
Dehydrated vegetables	30% ad valorem
Fresh fruit	30% ad valorem
Tallow	Free
Tobacco, unmanufactured	About $2 a pound
Cotton, raw	Free
Food grains	Free



But India's increased sufficiency in food production, its faint hope for increasing the exports of its surplus agricultural goods, and its program to husband exchange for industrial products—all these combine to say that the Indian market for United States agricultural products will be curtailed in 1954, and will probably continue so unless India's monsoon rains fail again, or unless for some other reason food production fails to keep pace with population growth.

Wheat. American wheat, even at International Wheat Agreement prices, costs more than Indian wheat in principal wheat-growing areas of northern India. The demand for wheat at government-controlled "fair price" shops has almost completely disappeared. Moreover, the rice content of the 12-ounce ration, which is still in force in a limited number of places, has been increased, minimizing the government's need to import wheat. Only one cargo of wheat arrived in India during the last 2 months of 1953, and only one cargo arrived during the first 2 months of 1954. At the end of 1953 over 800,000 tons of wheat were still held by the Central and State Governments. This amount represented about 8 months' supply at the then prevailing rate of distribution. The Central Government has indicated that it does not intend to import any of its quota under the International Wheat Agreement during Agreement year 1953-54 except at minimum prices. Imports from the 1954-55 quota may be made in the latter part of 1954.

Cotton. Cotton, unlike wheat, is imported by the private trade and not by the government. That only a small quantity of United States cotton was imported during 1953 is not due to government policy but to the relatively high price of United States cotton. At the beginning of 1954 there were still outstanding unused import permits for about 100,000 bales (400 pounds each) of United States cotton that were originally authorized during the latter part of 1951; these licenses have been extended periodically and are now valid through June 30, 1954. In fact, the government has agreed to license the free importation of United States cotton with a staple length of 1-1/16 inches and over during January-June 1954. Total cotton imports during the cotton year that began September 1, 1953, will possibly be no more than 500,000 bales because of India's much larger output in 1953-54.

Cotton from the United States, which has a staple of about 1-1/32 to 1⅛ inches, competes in India with cotton from Uganda and with some from Sudan, but not with cotton from Egypt, which is longer, with a staple of 1-5/32 to 1-7/32 inches. The only real basis for expecting a material increase in India's imports from the United States is to be found in the possibility that India may be able to increase its production of finer yarns and cloth for either domestic consumption or export.

Milk Powder. Milk powder, especially skim milk powder, could have a real future in India, where, despite the large number of cattle, the scarcity of grass and cattle fodder during most of the year keeps the average daily production of milk as low as 0.34 pound per capita. A little dried skim milk is being imported from New Zealand, Australia, and the Netherlands at a cost of about 21 cents a pound; but consumption is significant only in Bombay City, where institutions use it in the form of reconstituted milk. Consumption could undoubtedly be increased, but only with energetic promotion.

Butter. Surplus United States butter might be marketed in India, but, because of the climate, only in the form of ghee, or clarified butter (butter oil). The price of ghee in India is slightly less than the price of butter in the United States.

Fats and Oils. Vegetable oil imports from the United States are generally not feasible, for India itself is normally a surplus producer. The peanut shortage that India had in 1952 has now been remedied as a result of a large crop in 1953. Lard is not generally used in India because of the prejudice against use of animal fats by a large part of the population.

Other Commodities. Prospects for continued or increased imports of grain sorghums, corn, and high-quality flue-cured tobacco are not hopeful: Grain sorghums are used as food by the lowest income groups and are imported only because of their low cost, compared to wheat and rice. The prevailing price of wheat, as well as its availability, rules out the possibility of bringing in grain sorghums. The demand for corn in India is limited; this grain was previously imported only because it was available at a time when it was difficult to find sufficient wheat and rice. As to tobacco, India's production of flue-cured tobacco has been increasing and the quality of the product improving. With limited dollars available for tobacco purchases, the outlook for any substantial increase in imports of United States tobacco over the level of recent years is not favorable.

Foreign Trade Missions Offer Recommendations

The United States, over a period of time, can increase its agricultural exports materially if certain obstacles are overcome, even though immediate prospects of great increases are not good.

That is the conclusion reached by members of foreign agricultural trade missions who, during April and May 1954, made first-hand studies of agricultural trade problems and potentials in Western Europe, Asia, and Latin America. Under White House and Department of Agricultural sponsorship, members visited a total of 35 countries.

"If present policies and practices in the United States and in foreign countries are continued," their report to the Secretary of Agriculture says, "the prospects of appreciably increasing the volume of our agricultural exports in the immediate future are not favorable. However, a great deal can be done to bring about improvements in this situation. . . . Already there are a number of encouraging factors which are creating a more favorable climate for an increase of our agricultural exports as time goes on."

Mission members, who were broadly representative of American agriculture and agricultural industry, said that "no timetable of possible trade recovery can be given." They emphasized, however, the need for making every effort to overcome the recent serious decline in United States farm exports and to regain foreign markets:

"The prosperity of U. S. agriculture depends upon a high level of agricultural exports. In 1951, crops from approximately 52 million acres in the United States were exported; in 1953, from around 30 million acres. . . . It is apparent, therefore, that all of U. S. agriculture, and not only the producers of traditionally important export products, has a vital stake in maintaining a high level of U. S. agricultural exports. . . . The entire national economy, as well as the agricultural economy, will suffer unless exports of such products are continued in large volume."

Encouraging Impressions

Members reported encouraging developments "that promise to give a better climate for trade and again permit agricultural exports to compete in foreign markets." Among such developments are:

Marked improvement in gold and dollar reserves in many countries, and better national budget positions.

Removal by some countries of some restrictions on buying farm products from dollar areas.

Some foreign currencies are becoming sounder, and there is progress toward free convertibility.

Rationing of consumer goods is virtually eliminated.

Investment climate is improving; a general movement toward industrialization and diversification is apparent; economic activity is up.

Many countries are taking steps to return agricultural trade to private business.

The world's population is increasing and people are desiring a higher plane of living.

The United States Government and private industry are taking positive steps to accelerate farm trade.

Recommendations

"We recognize that the interests of the entire Nation greatly overshadow those of any of its segments, and that we must harmonize conflicting interests in terms of what is best for the country as a whole," the report says.

"The interchange of goods and services is vital to our Government's efforts to maintain peace and is essential to the economic recovery and well-being of friendly nations, as well as to our own well-being. Such interchange on a multilateral basis by private traders with free convertibility of currencies is highly desirable. The fact that such conditions do not exist in most countries of the world has played a major role in the reduction of the exports of U. S. farm products. Our country, working in cooperation with other friendly nations, should do everything in its power to remove unjustifiable and discriminating impediments to trade and oppose any tendencies toward economic isolation.

"More than unilateral action by the United States is needed, however, if the greatest volume of goods and services is to cross national borders. Cooperation between the nations of the world is essential."

Convertibility of Currencies. This is of very great importance. Primary responsibility rests upon foreign nations concerned, some of which have taken important appropriate steps.

Competitive Pricing. Competitive pricing and terms of sale of U. S. farm products are necessary to sell in export markets. For the short range, to be competitive pricewise, it will be necessary to resort to some type of governmental export pricing program or lose a fair share of export markets for these commodities.

The report states that "the missions deplore the necessity of having to resort to this type of device. . . . Such devices should be used only as a last resort on a selective basis, commodity by commodity. . . ."

"The long-time solution to our surplus problem will be found not in the use of such export subsidy programs but in the adjustment of our agricultural pricing and production programs in such a way that supplies will be brought into balance with the effective domestic and foreign demand. Our long-run objective should be to expand domestic and foreign markets by reducing costs, improving quality, and intensifying sales efforts so as to make possible the full and efficient use of our agricultural resources with minimum reliance upon governmental aids."

Sales for Foreign Currencies. Enactment of appropriate legislation at an early date is recommended to permit sale for foreign currencies of U. S. farm commodities that are in surplus or might otherwise become surplus. Continuation of such a program is important because of continued exchange and convertibility problems restricting imports from dollar areas. It is recognized that such a program has limitations as to the volume of surpluses that it can move abroad; nevertheless, it is a useful temporary expedient pending achievement of general convertibility.

Export Credit. To facilitate sales of U. S. farm products, it is recommended that where credit is not available or adequate the Government use its facilities to assist in providing export credit or credit insurance.

Export Sales and Promotion. Since active sales and market promotion work are not logical functions of a governmental agency, it is suggested that farm organizations and trade groups assume increasing responsibility for analysis studies, sales promotional campaigns, and follow-up service work.

Other Direct Measures. Recommended are exchange of surplus perishable farm commodities for imperishable strategic materials from abroad; maximum use of agricultural products in foreign aid programs; firm policy of maximum use of private trade in foreign sales, including Government-owned surpluses; aggressive merchandising programs; more effective quality improvement and controls; more extensive research on market development and foreign consumer preferences.

Removal of Uncertainties. Among actions needed are legislation and administrative regulations to reduce uncertainties and delays now experienced by foreign sellers and U. S. importers. This applies to customs procedures, the antidumping law, the Reciprocal Trade Agreement Act, and the "escape clause" in U. S. trade agreements.

"Buy American" Legislation. The legislation should be changed to except nationals of other countries that promise reciprocal treatment to U.S. bidders.

Section 22. A definite policy should be developed and announced providing that, in those instances where increased imports are likely to injure an agricultural program or operation, Section 22 of the Agricultural Adjustment Act of 1933, as amended, should be applied so as to prevent such injury while, at the same time, allowing foreign exporting countries to maintain a reasonable share of the U.S. market.

Administration of Food, Drug, and Cosmetics Act. Frequently, foreign food shipments are rejected for failure to meet U. S. Food and Drug Administration standards. More information abroad on such requirements will help prevent such occurrences.

United States Investment Abroad. The cooperation of foreign governments should be sought to the end that they take appropriate action conducive to attracting outside investors. The United States Government should take appropriate steps to stimulate U. S. private investments abroad. This would materially help expand mutual trade and maintain expanded business activity.

General Agreement on Tariffs and Trade. Renegotiation of the organizational provisions of GATT is recommended so that the functions of this organization are properly defined and so that equality of obligations among signatory countries is established. Friendly nations not now participating should be requested to become parties to give the Agreement wider application.

Tariffs. Tariff reductions and customs improvement will not alone bring trade into balance, for many other factors intervene. Tariffs on non-competitive products and on commodities of which almost the total consumption is imported should be sharply reduced or eliminated. Revision of other tariff schedules should be in exchange for equivalent concessions by other countries.

Foreign Government Cooperation. It is urged that appropriate agencies of our Government intensify their efforts to reach understanding with foreign governments on trade and monetary policies of mutual concern.

Sales and Promotion Problems. Cooperation between foreign exporters and U. S. importers and distributors would be helpful in developing markets here for foreign products. Market research is needed.

Economic Aid and Technical Assistance. A review of U. S. economic aid and technical assistance programs in many countries leads to the conclusion that much good has been achieved in some countries, less in others. Such programs should be examined in the light of changing world conditions as to their suitability and net contributions.

Europe's East-West Trade in Food

By LOIS BACON*

In a statistical note published in the April 1951 issue of *Foreign Agriculture*, West Europe's prewar and postwar imports of food from East Europe were compared in some detail. The postwar data, carried through 1951 in the December 1952 issue of *Foreign Agriculture*, are here carried through 1952, the latest year for which reasonably complete data are presently available. Revisions of some of the figures published earlier are also included.[1]

An explanation of the data, which are based on the trade statistics of West European countries, and of the construction of the tables was given in the April 1951 note, and will not be repeated here. It should be pointed out, however, that the problem of determining West Europe's trade with the Soviet Zone of Germany has become much easier in recent years, for, with the exception of Switzerland, all the West European countries important in the trade with East Europe now distinguish between trade with Western Germany and the Soviet Zone in their trade publications.

Europe's east-west trade in food recovered in 1952 to a new postwar peak, but was still far below the prewar level. It dropped abruptly again in 1953, and promises to show little improvement in 1954.

The recovery in net imports into West Europe from East Europe in 1952 affected most groups of products, though only coarse grains and sugar touched a postwar high. Coarse grains continued to increase, chiefly because of the reappearance of large shipments of corn from Yugoslavia. Among the main East European sugar suppliers, Poland, Hungary, and especially the Soviet Zone of Germany exported more sugar to the west in 1952 than in the preceding year.

A good harvest in East Europe in 1951 goes far to explain the recovery of food exports from East to West Europe in 1952. Both the 1952 and 1953 harvests were poor for the area as a whole, a fact that will no doubt be reflected in the trade returns for 1953 and 1954. Sufficient information is already in hand on the trade in grain in 1953 to indicate that West Europe probably obtained less than 1,000,000 tons from East Europe—not even half the 1952 quantity. Scattered data also point to a decline in the east-west trade in sugar.

Unfavorable weather accounts in part for the poor harvests of the past 2 years. Large sections of the Danube Basin suffered from drought, especially in 1952. Unseasonably early freezes in the fall of that year in Czechoslovakia, Poland, and the Soviet Zone of Germany hit the still unharvested potato and sugar beet crops, and hampered seeding of the 1953 bread grain crop.

The adverse effects of the weather on production in the satellite countries and Yugoslavia were magnified by the disorganization of farming activities that has persisted since the war, as a result of state efforts to manage agriculture, and that has retarded agricultural recovery. As in the Soviet Union, farm price policies have operated less to maximize production than to keep down the money cost of produce delivered to the government and to promote collectivization. Farm delivery quotas and allocations of farm requisites have also been fixed in a way designed to promote collectivization rather than production. Less emphasis has been put in recent years on increasing the still inadequate supply of farm requisites, and the system of distributing them has seldom worked smoothly. Under all these handicaps, individual farmers have had little scope and often less desire to organize their operations efficiently. The consequences for farm output become particularly evident when weather conditions make timeliness of farm work a crucial factor.

Declines in production intensified the food collection and distribution difficulties that have beset most East European countries throughout the postwar period. They necessitated not only a cut in exports but an increase in imports of food. Czechoslovakia, which in recent years has imported annually a million tons, more or less, of grain, is reported to need some 2 million tons in the season 1953-54. East Germany requires perhaps a million and a half tons of grain. Poland's grain import requirements are stated to be a million tons, part of

* The credit for the statistical computations for 1952 belongs to Bertha Magid.

[1] In this statistical note, as in the previous ones, "East Europe" refers to the following countries within their present frontiers for both prewar and postwar trade: The Soviet Union, Poland, the Soviet Zone of Germany, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Yugoslavia, and Finland. "West Europe" refers to the remaining part of Europe, including the British Isles.

Dr. Bacon is Assistant Chief, European Analysis Branch, FAS.

which may be needed to cover export commitments to other East European countries, or to replenish stocks. Yugoslavia estimates its grain import requirements at close to a million tons, partly in order to build up stocks.

Except for Yugoslavia, the East European importing countries rely mainly on the Soviet Union for their imported grain. Demands of the satellites undoubtedly caused the Soviet Union to switch grain shipments from West to East Europe in 1953. They will continue to exert a similar influence in 1954, the more so as, following the death of Stalin in the spring of 1953, Soviet and satellite policy has shifted in the direction of improving living standards, chiefly in the interest of increasing the productivity of urban and rural workers, which has been lowered by the heavy emphasis on military and industrial expansion.

This shift in policy has contributed to the reduction in food exports from East to West Europe, and necessitates an increase in imports of some food items into the Soviet Union and its European satellites. These countries have imported or made arrangements to import substantial quantities of such foodstuffs as butter from Denmark, the Netherlands, New Zealand, and Australia; sugar from the United Kingdom and Cuba; bread grains from Argentina and Turkey; and meat from France and Denmark. For many of the supplying countries, this is the first time, at least since the war, that they have sold these foods to the Soviet Bloc.

How effective the New Course will be in increasing East Europe's agricultural productivity remains to be seen. Unless it is maintained for some length of time, the level of productivity is unlikely to show much change. In the event that it is maintained over a period of years, and proves to be an efficient instrument for improving productivity, permanent marked increases in the general level of production will still not be easy to achieve quickly, and will be at least partly offset, as far as exportable surpluses are concerned, by higher domestic consumption, the incentive offered by the New Course. There thus appears to be little immediate prospect of any large-scale, steady increase of food exports from East to West Europe.

TABLE 1.—*West Europe's net imports of food products from East Europe, prewar and 1947-52*[1]

Foodstuff	In absolute quantities							In percent of net imports from all countries[2]						
	Prewar[3]	1947	1948	1949	1950	1951	1952	Prewar[3]	1947	1948	1949	1950	1951	1952[4]
	1,000 *metric tons*	1,000 *metric tons*	1,000 *metric tons*	1,000 *metric tons*	1,000 *metric tons*	1,000 *metric tons*	1,000 *metric tons*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Grains:														
Wheat and rye	3,200	110	650	1,100	705	460	750	26	1	4	8	6	3	6
Other, excluding rice	2,400	110	1,200	1,040	1,130	1,205	1,490	20	2	16	12	16	17	20
Total	5,600	220	1,850	2,140	1,835	1,665	2,240	22	1	8	10	9	8	12
Sugar	775	100	(5)	155	185	190	275	26	4	.....	6	8	9	12
Potatoes	1,300	80	(5)	(5)	40	(5)	7	(6)	(7)	.....	.....	(7)	.....	(7)
Dry legumes	165	8	5	15	30	(5)	5	36	2	2	6	12	.....	2
Other vegetables	(5)	(5)	45	55	20	15	20	.....	.....	17	13	17	(7)	22
Fruit	(5)	(5)	(5)	15	(5)	(5)	(5)	.....	.....	.....	1	.....	.....	.....
Meat (carcass weight)[8]	200	(5)	20	40	110	60	72	12	.....	2	3	12	6	8
Fats (fat content)[9]	20	(5)	(5)	(5)	30	(5)	(5)	1	.....	.....	.....	1	.....	.....
Cheese	(5)	(5)	(5)	3	3	5	5	.....	.....	.....	2	3	5	8
Eggs	20	2	12	16	32	16	25	13	1	10	11	23	16	28

Foreign Agricultural Service, April 1954.

[1] For the definition of East and West Europe, see text footnote 1, and, for background information on the construction of the table and the prewar and postwar data, see "Europe's East-West Trade in Food," *Foreign Agriculture*, April 1951.

[2] Net imports from East Europe for the calendar years 1947 through 1952 have been compared with net imports from all countries in the fiscal years 1947-48 through 1952-53.

[3] "Prewar" refers to a 4- or 5-year average within the period 1933-39.

[4] Preliminary.

[5] Exports to East Europe exceeded imports from that area.

[6] West Europe had a net export to non-European countries.

[7] West Europe had a net export to all countries.

[8] Includes meat from imported live animals.

[9] Includes butter, slaughter fats (as such and from imported live animals), marine oils, and only those oilseeds or oil produced from those seeds that are grown in Europe.

TABLE 2.—*West Europe's gross imports of grain from East Europe, by country of origin, average 1934-38, annual 1949-52*[1]

[In 1,000 metric tons]

Grain and period		Soviet Union[2]	Poland	Eastern Germany[3]	Czecho-slovakia	Hungary	Rumania	Bulgaria	Yugo-slavia	Total
Wheat:[4]										
Prewar frontiers	1934-38	605	50	225	60	443	506	63	103	2,055
Postwar frontiers	1934-38	800	150	75	60	443	350	70	103	2,051
	1949	323	1	...	11	70	...	...	9	414
	1950	190	10	24	48	154	14	10	11	461
	1951	242	...	15	(6)	74	67	(6)	...	398
	1952	610	30	...	...	43	20	23	...	729
Rye:										
Prewar frontiers	1934-38	181	210	650	1	50	54	4	3	1,153
Postwar frontiers	1934-38	250	775	50	1	50	...	30	3	1,159
	1949	66	509	...	...	177	...	...	...	752
	1950	38	152	58	40	35	...	...	...	323
	1951	105	15	6	(6)	13	10	9	(6)	158
	1952	76	...	...	10	35	22	5	...	148
Barley:[5]										
Prewar frontiers	1934-38	314	269	200	140	20	307	5	7	1,262
Postwar frontiers	1934-38	575	300	50	140	20	150	15	7	1,257
	1949	161	19	[7] 9	32	45	6	...	17	289
	1950	332	5	[7] 3	78	30	...	...	...	448
	1951	510	30	[7]15	73	9	...	(6)	...	637
	1952	447	71	3	103	4	...	5	12	645
Oats:										
Prewar frontiers	1934-38	53	37	150	15	...	13	...	4	272
Postwar frontiers	1934-38	53	37	150	15	...	13	...	4	272
	1949	28	90	...	...	30	5	...	...	153
	1950	85	...	(6)	...	1	4	...	...	90
	1951	178	...	(6)	...	...	...	...	...	178
	1952	96	9	...	...	...	...	...	2	107
Corn:										
Prewar frontiers	1934-38	31	...	...	2	61	421	46	321	[8] 882
Postwar frontiers	1934-38	150	...	...	2	61	275	75	321	[8] 884
	1949	96	...	...	(6)	178	26	20	262	582
	1950	344	...	...	...	25	34	6	193	602
	1951	328	...	...	...	16	8	...	44	396
	1952	232	...	...	...	12	35	10	440	729
Total:										
Prewar frontiers	1934-38	1,184	566	1,225	218	574	1,301	118	438	5,624
Postwar frontiers	1934-38	1,828	1,262	325	218	574	788	190	438	5,623
	1949	674	619	9	43	500	37	20	288	2,190
	1950	989	167	85	166	245	52	16	204	1,924
	1951	1,363	45	36	73	112	85	9	44	1,767
	1952	1,461	110	3	113	97	77	43	454	2,358

Foreign Agricultural Service, April 1954.

[1] For the definition of West and East Europe, see text footnote 1, and for background information on the construction of the table and the prewar and postwar data, see "Europe's East-West Trade in Food, *Foreign Agriculture*, April 1951. Finland and Albania have here been omitted from East Europe, since West Europe's grain imports from those countries are negligible. Because of the inclusion of Finland and of minor grains in table 1, net imports of "other grain, excluding rice" in 1949 and 1952 are slightly higher than the total for gross imports of barley, oats, and corn as shown here. Dots indicate that imports, if any, are not separately specified.

[2] Data for prewar as well as postwar frontiers include trade of the Baltic countries.

[3] Includes the territory east from the present boundary line between the Western zones and the Soviet zone.

[4] Includes flour in terms of wheat equivalent.

[5] Includes malt in terms of barley equivalent.

[6] Less than 500 tons.

[7] Some of these imports may have come from Western Germany.

[8] Assuming that German imports (192,000 tons) went to Western Germany.

Key To Bigger Tobacco Exports

by GEORGE W. THOMAS

Tobacco has long been a money earner for governments, and it has been a big one. In some countries, import duties plus taxes make up as much as 15 percent of government income. But when the tax load on tobacco gets too high, everyone loses, from the grower to the government. For consumers will spend only so much for tobacco products.

Tax policies—in fact, all policies of foreign governments affecting tobacco—are of great interest to American tobacco growers, who, since World War II, have been selling 30 percent of their crop abroad.

About 90 percent of United States tobacco exports consists of the so-called cigarette kinds—flue-cured, Burley, and Maryland—kinds that will make up the bulk of any expansion in our exports. During the past several decades, consumers all over the world have shown an ever-increasing preference for tobacco in the form of manufactured cigarettes; this trend was accelerated by the Second World War. In recent years, too, there has been a trend toward an increasing demand for cigarettes of a blended type; the tobacco for such cigarettes is produced in greatest quantity in the United States. This trend, by the way, is reflected in the fact that the United States is exporting about 50 million pounds of tobacco each year in the form of manufactured cigarettes.

But many other areas of the world are stepping up production of cigarette tobaccos in direct response to nationalistic policies, and are offering serious competition to the United States. For example, production of flue-cured tobacco, the predominate kind used, has more than doubled in areas outside the United States, increasing from 370 million pounds in 1938 to 960 million in 1953.

Production of these cigarette tobaccos has increased in the United States, too, from 1,051 million pounds in 1934-38 to 1,880 million in 1953. At the same time, however, the proportion of our cigarette tobaccos going into world markets has shrunk; we are now exporting about 25 percent of our production of cigarette tobaccos whereas before World War II, we were exporting about 37 percent.

Most of the increased production has, however, been used at home, for domestic sales of cigarettes more than doubled between 1939 and 1953. These

Mr. Thomas was Director, Tobacco and Tropical Products Division, FAS, when this article was written.

TABLE 1.—*Estimated per capita consumption of cigarettes and total tobacco products (manufactured weight) in selected countries, in specified years*

[In pounds]

Country	Total tobacco products		Cigarettes			
	1938	1953	1938	Average 1949-53	1952	1953
United States[1]	6.3	7.8	3.0	5.7	5.9	5.8
United Kingdom	4.4	4.6	3.4	3.7	3.7	3.8
West Germany[2]	3.8	3.5	1.4	1.3	1.4	1.6
Sweden	2.8	3.2	.7	1.5	1.7	1.8
Belgium	5.8	5.5	1.6	2.6	2.5	2.5
Netherlands	6.3	5.7	1.4	2.1	2.3	2.5
Italy	1.4	2.1	.9	1.5	1.5	1.7
France	2.7	2.8	1.0	1.7	1.7	1.8
Australia	3.3	5.1	1.0	2.3	2.6	2.7
Philippines	1.1	1.7	.9	1.3	1.4	1.6
Japan	2.0	2.4	1.3	1.8	2.0	2.2

[1] Based on tax-paid products and population within the continental United States.
[2] All Germany for 1938.

TABLE 2.—*Cigarette prices, taxes, and tobacco revenues, by selected countries, 1953*

Country	Unit of currency	Approximate average retail price per pkg. of 20[1]	Approximate tax per pkg. of 20	Tax as percent of retail price	Estimated tobacco revenues as percent of total government revenues
				Percent	*Percent*
United Kingdom	Pence	43.00	35.50	83	14
West Germany	D. mark	1.68	.90	54	8
Sweden	Crown	2.40	1.80	75	9
Belgium	Franc	9.06	5.53	61	5
Netherlands	Guilder	.79	.49	62	5
Italy	Lire	130.00	100.00	77	15
France	Franc	80.00	57.00	71	4
Australia	Pence	36.00	21.00	58	6
Philippines	Centavo	50.00	20.00	40	14
Japan	Yen	30.00	24.00	80	16

[1] For most popular brands.
Note: Data are rough approximations in a number of instances, but they are believed to be reasonably accurate.

sales have been favored by the following factors:

1. High consumer purchasing power.

2. Relative low prices for cigarettes as compared with wage rates, made possible by moderate taxes compared with rates in other countries of the world, and by an efficient manufacturing and distribution system. (Consumption of cigarettes in the United States rose rapidly during 1941-46, a period of war and of controlled prices.)

3. The growing popularity of cigarette smoking among women.

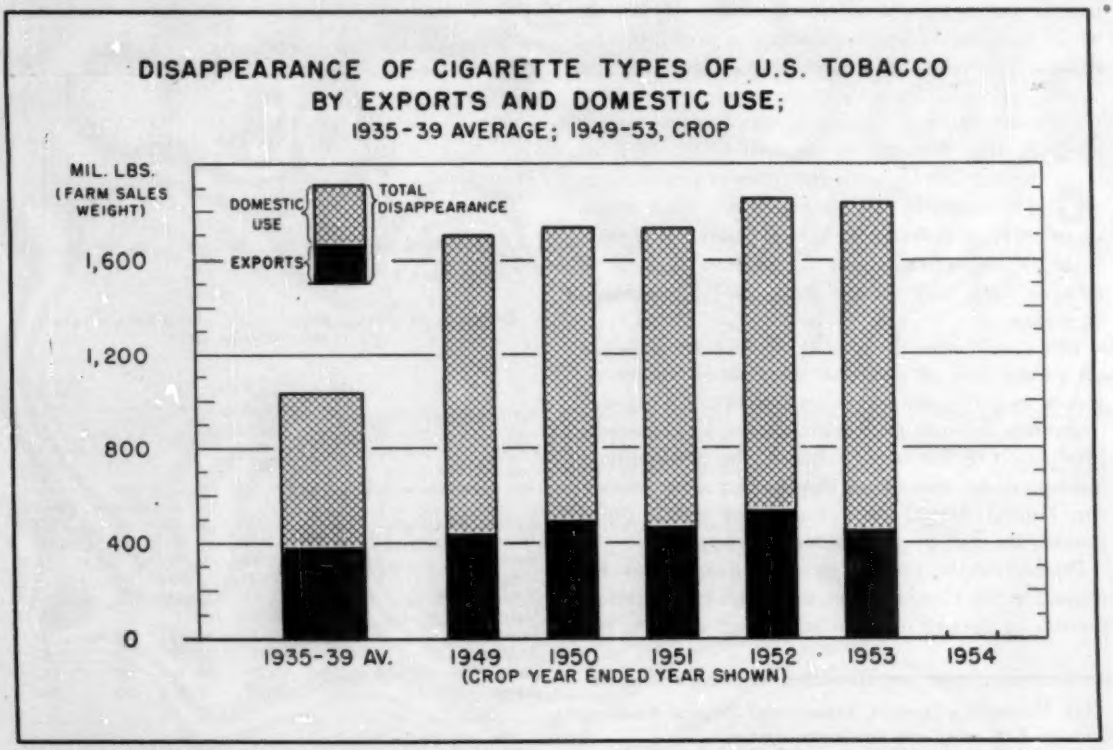
4. The availability of adequate supplies of high quality domestically produced tobacco.

Despite this favorable domestic market, the export market is of vital importance to the American tobacco grower. In looking abroad for sales he finds that consumption of United States leaf has been restricted by the high prices of tobacco products. This limitation is the result of a number of factors including not only high import duties and excise taxes but also exchange controls, preferential trade treatment, import licenses and quotas, and bilateral and compensation agreements. Many of these factors have been made necessary by the dollar problem, but many were in use before World War II. The economic dislocations created by that war have encouraged governments to apply them on a more extensive scale.

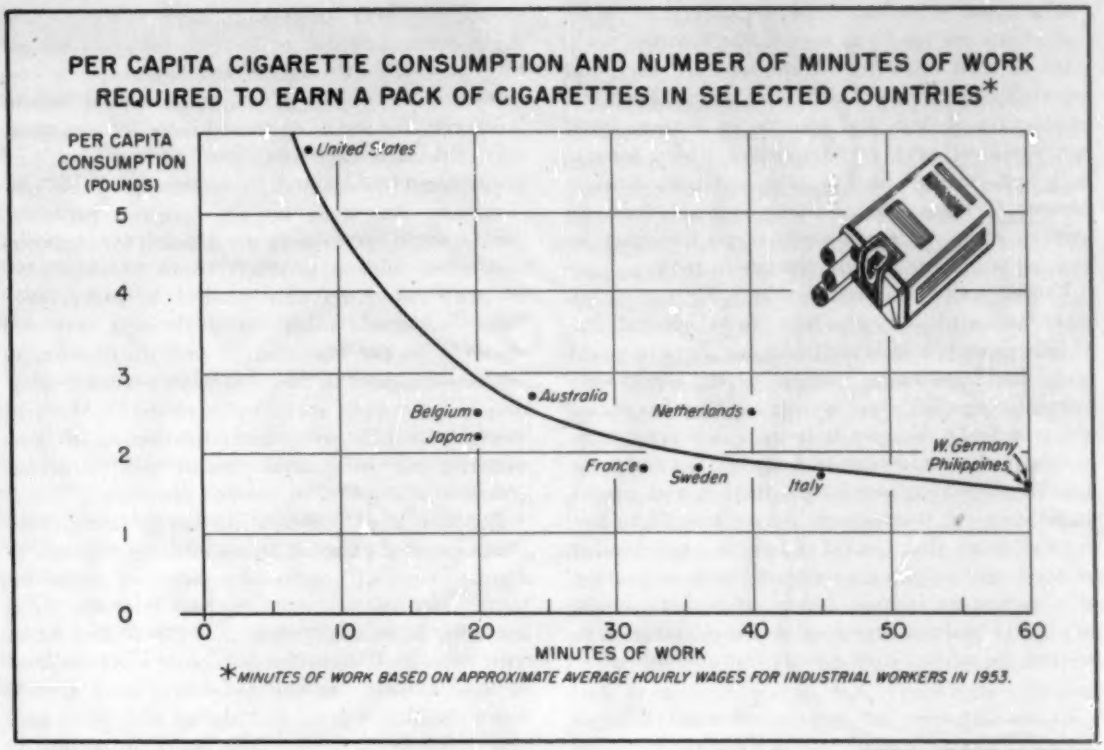
Our markets for cigarette-type tobaccos abroad have been limited also by the relatively low rate of increase in smoking by women and by the traditional preference in certain countries for tobacco in forms other than cigarettes.

But probably the most-important single factor limiting these markets is the high cost of cigarettes in relation to consumer purchasing power. Tobacco authorities often point out the close relationship that seems to exist between consumer purchasing power and the level of cigarette consumption: the countries of southern Europe, which have a low per capita income, have a low per capita consumption and the heavily industrialized countries of western Europe, which enjoy a larger income, have higher consumption.

The high retail prices for cigarettes generally are a direct result of high tax rates, which reflect a



U.S. DEPARTMENT OF AGRICULTURE NEG. 319 FOREIGN AGRICULTURAL SERVICE



U.S. DEPARTMENT OF AGRICULTURE NEG. 320 FOREIGN AGRICULTURAL SERVICE

government's attempt to obtain maximum revenue from tobacco in lieu of other types of taxation. In most countries, other than those having tobacco monopolies, duties and taxes combined represent from 50 to 85 percent of the retail price. In the United Kingdom, for example, where tobacco revenues are obtained almost entirely from import duties on unmanufactured tobacco, these revenues represent about 83 percent of the retail price of cigarettes. In countries that have tobacco monopolies, such as Italy, France, and Sweden, no import duties or taxes are imposed on tobacco, but monoply profits (in effect, taxes) represent roughly 75 percent of the retail price of cigarettes.

Duties and taxes on tobacco are steady, relatively easy to collect, reliable sources of government income, and are of major importance in most European countries. In several countries of the Far East, too, tobacco yields substantial revenues.

Frequently, tax rates have been raised to such heights that total revenues to the governments involved have been reduced. The experience of Canada provides a good example.

In Canada, in April 1951, following an increase in cigarette taxes, the average retail price for a package of cigarettes rose from about 38 cents to 42 cents. In the following fiscal year, consumption declined almost 14 percent and, despite the tax increase, revenues dropped. In view of this development, the Canadian Government, in April 1952, lowered the tax on cigarettes, and the retail prices declined about 5 cents a pack. In the following fiscal year, cigarette consumption and tax revenues from cigarettes rose well above levels of the preceding year. And a further decrease in taxes and retail prices in 1953-54 has resulted in additional consumption; and total tax revenues have grown.

United States dark tobaccos face circumstances in foreign markets less favorable than those for flue-cured, Burley, and Maryland, but a reduction in the price of foreign-made cigarettes containing dark tobaccos should stimulate our exports. A reasonable improvement in trading relations between the United States and those countries in which the dark cigarette is still preferred also should increase our exports of dark leaf.

The trend in consumption of products in which dark types are used has been fairly steadily downward in most countries for the past 20 years, and especially since the end of World War II. Domestic production of dark leaf tobacco in France, Italy, and Spain—all once very important outlets for our dark leaf—has increased greatly; and United States exports of these tobaccos have dropped, from an average of 70 million pounds (export weight) in 1935-39 to only 31 million pounds in 1953.

United States cigar leaf, however, finds a readier market abroad. Exports have been boosted materially since World War II and our share in world trade has been larger because of the world-wide scarcity of quality cigar wrappers. This has occurred principally because Indonesia, our main competitor in the world cigar leaf market, has had great difficulty reestablishing its production and export trade since the dislocations of wartime. Cigar leaf exports from the United States in 1953 totaled nearly 8 million pounds compared with an average of 1 million in 1935-39. American growers should be able to maintain these sales if they continue to prepare for market high quality leaf at competitive prices.

Unquestionably, the key to increased sales of United States tobacco abroad is a change in policy that would increase consumption. (An interesting projection is presented in table 3, which shows that we might expect our total cigarette leaf exports to the 9 countries listed to increase by 50 to 60 percent provided existing current handicaps to consumption are eased.) True, as individual income levels rise, the use of more and more tobacco products, especially cigarettes, is to be expected; and population growth will also tend to raise consumption. But those are the long-run prospects. Today, rapid increases in the demand for cigarettes and other tobacco products could be stimulated by price reductions only possible by lower taxes. Some reductions might come through increased efficiency in the manufacture and distribution of tobacco products. In fact, a broader overall production base, brought about by increased efficiency in foreign manufacturing and distribution of consumer goods in general, would also encourage greater consumption of tobacco products.

Basically, any significant increase in foreign consumption of all United States tobaccos depends to a great extent on the broad policies we pursue affecting our international trading relations. It is becoming increasingly clear that the United States must make some contribution, too, if it is to expand its sales abroad: in the long run more United States products will be sold abroad only if we provide dollar exchange for their purchase by buying in larger volume those goods and services that other countries have to sell us.

TABLE 3.—*Projected factory usings of U. S. cigarette tobaccos in selected countries, assuming per capita consumption equal to 50 percent of U. S. 1953 level*

Country	1953 estimated per capita consumption of cigarettes	Increase from 1953 level necessary to equal 50 percent of U. S. per capita in 1953		Approximate quantity of U. S. leaf used in cigarette manufacture in 1953	Projected additional quantity required
	Pounds	*Pounds*	*Percent*	*Million pounds*	*Million pounds*
United States	5.8				
West Germany	1.6	1.3	81	43	35
Sweden	1.8	1.1	61	7	4
Belgium	2.5	.4	16	10	2
Netherlands	2.5	.4	16	15	2
Italy	1.7	1.2	71	2	1
France	1.8	1.1	61	[1] 4	2
Australia	2.7	.2	7	[2]15	1
Philippines	1.6	1.3	81	28	23
Japan	2.2	.7	32	6	2
Total, above countries				130	72

[1] Includes U. S. dark leaf used in cigarettes.
[2] Excludes U. S. leaf used in cut tobacco, a large percentage of which is used in "roll your own" cigarettes.
Note: Figures covering per capita consumption are based on total population; for the projection, maintenance of proportionate share of U. S. cigarette leaf in total usings is assumed. Weight shown is unstemmed processing weight.
The United Kingdom, our largest market for cigarette-type tobacco, is omitted from this table because its consumption is at a level in excess of 50 percent of U. S. per capita consumption.

Caranday—A Hard Palm Wax

By KLARE S. MARKLEY

Carnauba, long considered the finest hard wax in the world, has a potential rival. The newcomer is caranday.

Both carnauba and caranday come from palms that are native to South America. Both have high melting points. And both have about the same wax-water emulsifying properties. In fact, laboratory tests by firms in the United States and abroad show that it would be difficult to distinguish caranday from carnauba wax.

Carnauba wax is imported into the United States in large quantities—more than 15.5 million pounds in 1952, valued at $13 million—and it is used for things like phonograph records and varnishes and fine polishes, which require a high gloss and water resistance.

The caranday palm (*Copernicia australis* Becc.) grows in abundance over several thousand square miles of the Paraguayan Chaco and in adjoining areas of Bolivia and Brazil, where torrential rains are followed by long periods of scorching winds and drought—climatic conditions highly unfavorable to most plants but the very ones in which carnauba and caranday palms thrive. For they have extensive root systems and produce a coating on the leaves that protects them against excessive evaporation. From this coating comes the wax.

It is only in the past decade that the value of the caranday palm as a source of hard vegetable wax has received attention and that has not been great. The Chaco yields other products that contribute substantially to the national wealth of Paraguay and in their production the limited labor supply of the area is absorbed. Besides cattle and some agricultural products, the Chaco has extensive forests that produce timber, tannin (quebracho), and essential oil (palo santo). The caranday palm is used principally for pole timber, as a source of fiber for ropes, bags, hammocks, etc., and leaf straw for the manufacture of hats.

To get the facts about the palm's possibilities as a producer of wax, a Paraguayan firm, which operates a large quebracho extraction plant and owns about 2½ million acres of land that contains extensive stands of caranday palm, conducted a series of laboratory investigations in 1947. They were so promising that the firm built a pilot plant in 1949 for recovering wax. Later, another quebracho extraction firm built a second pilot plant, and several other firms developed equipment or experimented with the production of caranday wax. Interest in developing the industry lags, however, partly because of the low price received on the United States market for the small quantity sold there in 1950 and partly because of the difficulties of setting up a new industry in the area—finding labor, for instance.

My interest in the caranday palm began 2 years ago when I was making a survey of the vegetable oil resources of Paraguay. In the course of the survey, I examined the laboratory records on the caranday palm, sent samples of wax to various firms in the United States for analysis and evaluation, made a dozen aerial and ground surveys of the distribution and extent of the palm, and visited the area in which it was being harvested and the plants in which the wax was being extracted and processed.

The harvesting of caranday palm leaves can be done in the same way as that of carnauba leaves. It is usually done by crews of five men; two or three cut the leaves from the palms, one cuts off the stem or butt close to the base of the leaf and ties the leaves into bundles of 50, and one or two load the bundles onto burros and lead them to the drying area, where the leaves are spread out on mulch close enough to touch one another or to overlap slightly. The mulch is important, as placing the leaves directly on the ground (sand) results in too much radiation of heat and placing them on the grass or turf keeps the underside of the leaf moist and slows the drying. The leaves are turned the next day and sometimes the following day. Drying requires 3 to 5 days depending on the weather. The dried leaves are retied in bundles of 50 and transported to the wax-extraction plant or are stacked in piles to await the arrival of a portable extractor.

Recovering the wax from the dried leaves is sometimes done by hand—by drawing or whipping the leaves across a row of metal teeth. But most of it is done by mechanical extractors of various kinds.

Dr. Markley is Vegetable Oil Specialist, Institute of Inter-American Affairs, Foreign Operations Administration, with headquarters in Rio de Janeiro, Brazil.

The light gray, fluffy powder on the leaves, which will be the wax, is drawn off by suction while the leaves are being beaten or cut in the machines.

At the plant, this wax powder accumulates in a closed room or bin, into which the aspirator duct leads. When a portable extractor is used, it accumulates in a large, inflated canvas bag.

In one process used in Paraguay the crude wax powder is purified by continuous bolting through fine cloth or woven wire screen; then, it is melted by indirect steam, filtered, and run into small shallow pans where it is allowed to solidify. In another process the powder is melted with direct steam and hot water and the dirt and leaf trash separated by centrifuging; the separated liquid is run into large shallow pans where the water and wax separate into two layers as the wax slowly solidifies. After cooling, the cakes of hard wax, 0.75 to 1.5 inches thick, are broken into irregular pieces and bagged for shipment.

International Farm Organization Stresses Problem of Surpluses

By KNOWLTON NASH

The Seventh General Meeting of the International Federation of Agricultural Producers held in Nairobi, Kenya, May 21-29 urged governments to put programs into effect to bring about production shifts.

"The most immediate problem confronting agricultural producers at the present time concerns the disposal of present heavy surpluses of certain commodities of great importance in world trade, and in this regard [IFAP] recommends that governments of the countries possessing unwieldy surpluses consider and put into effect programs designed to bring about a shift in production away from the production of crops and livestock products now in surplus in these countries and toward the production of products in greater demand in their home markets," the organization policy statement says.

Before the conference began the 100 delegates toured Kenya, inspecting farming done by the Africans and by the Europeans.

Allan B. Kline, President of the American Farm Bureau Federation, was reelected for a second term as the President of IFAP—an organization made up of agricultural associations that represent 25 mil-

IFAP President Allan B. Kline addresses a session of the IFAP Conference at Nairobi, Kenya. On his left is Kenya's Acting Governor and on his right, its Minister of Agriculture.

Farming practices in Kenya greatly interested the delegates to IFAP's recent conference, held in the country's capital.

lion farm families in 27 countries. It was decided the next conference would be held in September 1955 in Rome.

The IFAP conference recommended that production of such crops as cotton, grain, and potatoes be reduced and that output be increased for such commodities as animal protein foods not in surplus.

The organization said the serious problem "consists in the fact that the world's capacity to produce agricultural products has, for the moment at least, outstripped effective demand for them."

IFAP said the long-term solution to the problem of unbalance between productive capacity and effective demand must be found in expanded markets. The policy report of the organization warned, however, that at the present time prospects are not bright for much of an expansion of markets.

The report said IFAP "is convinced that uncoordinated national measures have contributed and are likely to continue to contribute to the accumulation of excessive stocks and to instability in world market prices." It feels, therefore, that "effective inter-governmental cooperation during this transitional period is urgently required."

IFAP said the "basic solution to the present unbalance in the world farm economy must be found in a progressive reduction in trade barriers, including the full convertibility of national currencies."

To avoid causing economic damage to the world, governments were urged by the world farm organization to consult with each other through established international machinery on matters concerning the disposal of surpluses.

IFAP reaffirmed its faith in intergovernmental commodity agreements and said that the question of a world food reserve should be kept under active consideration.

The policy statement of IFAP noted that today almost every government in the world intervenes directly or indirectly in the support or establishment of farm prices; and therefore governments, rather than the private trade, play a major part in setting world prices for certain agricultural commodities."

IFAP said fear persists that governments holding huge surplus stocks may dump them on the world market and cause serious declines in farm prices everywhere. The organization said that up to the present time, however, the fear has not been entirely warranted. Nevertheless, the fear persists because the surpluses persist.

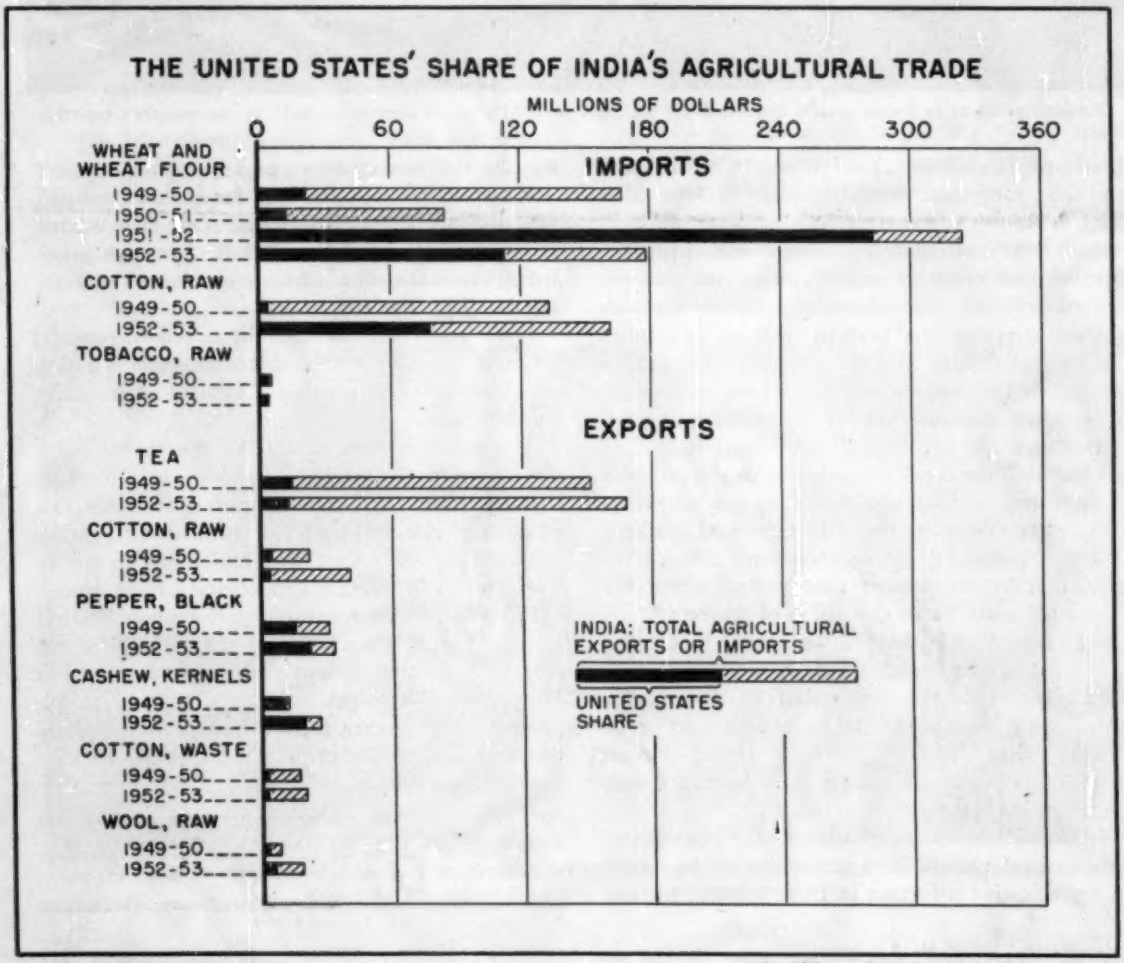
Mr. Nash is Information Officer, International Federation of Agricultural Producers, Washington, D. C.

UNITED STATES
GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS
WASHINGTON 25, D. C.

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300
(GPO)

If you do not desire to continue receiving this publication, please CHECK HERE ☐ tear off this label and return it to the above address. Your name will then be promptly removed from the appropriate mailing list.



U.S. DEPARTMENT OF AGRICULTURE NEG. 307 FOREIGN AGRICULTURAL SERVICE